

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AF-10 ARA-16 EA-11 NEA-10

RSC-01 OMB-01 TAR-02 AGR-20 AID-20 CIAE-00 COME-00

INR-10 LAB-06 NSAE-00 OIC-04 SIL-01 STR-08 TRSE-00

CIEP-02 CEA-02 RSR-01 /175 W
----- 104035

R 161500Z AUG 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 1225

INFO USMISSION EC BRUSSELS

USMISSION USUN NY

US MISSION OECD PARIS 6281

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E.O. 11652: N/A

TAGS: ETRD, UNCTAD

SUBJ: UNCTAD COMMITTEE ON MANUFACTURES

REF: GENEVA 4309 AND PREVIOUS

BEGIN SUMMARY: SESSIONAL COMMITTEE ON NON-TARIFF BARRIERS (NTBS) OF SIXTH SESSION OF COMMITTEE ON MANUFACTURES COMPLETED DISCUSSION OF AGENDA AUG. 15. ATMOSPHERE WAS CORDIAL. QUICK AGREEMENT WAS REACHED IN CONTACT GROUP ON DRAFT RESOLUTION ON INSTITUTIONS (GENEVA 4346), BUT IT IS HIGHLY DOUBTFUL THAT SUBSTANTIVE AGREEMENT CAN BE REACHED ON THREE OTHER RESOLUTIONS--SAFEGUARDS (TD/B/C.2/L.3.), TEXTILES (TD/B/C.2/L.4) AND ADJUSTMENT ASSISTANCE (TD/B/C.2/L.5), WHICH LIKELY TO BE APPENDED TO REPORT. END SUMMARY.

1. SESSIONAL COMMITTEE TOOK UP ITEM 4(C)-TEXTILES-AUGUST 13. SECRETARIAT SPOKESMAN NOTED LDCA ASPIRE TO TEXTILE PRODUCER ROLE ANALAGOUS TO DCA AT THEIR
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EARLY STAGES OF INDUSTRIALIZATION, ALSO LDCA' FAVORABLE

FACTOR ENDOWMENT AND DEARTH OF ALTERNATIVE OPPORTUNITIES TO MANUFACTURE FOR EXPORT. EC CITED INCREASES IN ITS TEXTILE IMPORTS FROM LDCS AND ASSERTED INTRA-EC TRADE SHOULD BE EXCLUDED WHEN CALCULATING PERCENTAGES. INDIA SPEAKING ON BEHALF GROUP OF 77 COMPLAINED LTA INCONSISTENT WITH GATT PRINCIPLES AND URGED UNRESTRICTED DUTY-FREE ENTRY FOR HANDLOOM PRODUCTS. PAKISTAN STATED LDCS SHARE OF MARKET SMALL AND ASSERTED THEY SHOULD NOT THEREFORE SUFFER CONSEQUENCES OF ALLEGED DC MARKET DISRUPTION. KOREA EXPRESSED FEAR THAT EXPANSION OF LTA INTO MAN-MADE FABRICS CONSTITUTED "PRE-EMPTIVE ACTION" AGAINST LDCS MOVING INTO THESE AREAS AND OBJECTED TO "SEGMENTED" MARKET DISRUPTION CRITERIA.

2. NORWAY (SPEAKING FOR NORDICS) STATED SECRETARIAT'S CRITICISM OF LTA "TOO CATEGORICAL", SPELLED OUT NEED TO PRESERVE VIABLE DOMESTIC INDUSTRY AND CALLED FOR FAIR BURDEN-SHARING BY IMPORTING COUNTRIES. STATED NEW TEXTILE ARRANGEMENT MUST BE MULTILATERAL, MULTI-FIBER AND WELCOMED PROSPECTS FOR SUCCESSFUL NEGOTIATIONS IN GATT. CANADA MADE STRONG POINT-BY-POINT REFUTATION OF CONCLUSIONS OF SECRETARIAT DOCUMENT, POINTING OUT THEY DID NOT FOLLOW FROM FACTUAL AND STATISTICAL DATA, WHICH CANADA FOUND WELL-PRESENTED AND USEFUL. US ACKNOWLEDGED IMPORTANCE OF TEXTILE TRADE TO LDCS, SUPPORTED NORWEGIAN AND CANADIAN STATEMENTS AND MADE POINTS CONTAINED IN POSITION PAPER, STRESSING ISSUE NOW BEING NEGOTIATED IN GATT WITH FULL LDC PARTICIPATION, NEED FOR MULTILATERAL MULTI-FIBER AGREEMENT AND INCREASES IN LDC SHARE OF US TEXTILE IMPORTS.

3. AT INSISTENCE OF MEXICO, GROUP OF 77 TABLED LENGTHY DRAFT RESOLUTION ON TEXTILES WHICH AMONG OTHER THINGS WOULD PUT COMMITTEE ON RECORD AS OPPOSING MULTI-FIBER AGREEMENT. WHILE TEXT YET TO BE DISCUSSED FORMALLY IN GROUP B, GENERAL FEELING IS THAT TEXT NOT NEGOTIABLE AND LDCS UNLIKELY WISH NEGOTIATE. AS IN CASE OF RBP, TEXT SO BAD AS TO NOT WARRANT CABLING FOR CONSIDERATION.

4. ON ITEM 4(E)-ADJUSTMENT ASSISTANCE-REP OF SECRETARIAT LIMITED OFFICIAL USE

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IN INTRODUCING ITEM ESSENTIALLY READ OUT "SUGGESTED POLICY GUIDELINES" FROM DOCUMENT TD/B/C.2/121 CALLING FOR TRANSFER OF DC RESOURCES INTO NON-IMPORT-COMPETING AREAS AND WAS LARGELY ECHOED BY INDONESIA SPEAKING FOR G-77. NETHERLANDS NOTED THAT SOCIETIES DIFFER AS DO INSTRUMENTS AVAILABLE TO MEET PROBLEMS AND STRESSED LIMITS ON GOVERNMENT INTERVENTION IN FREE MARKET ECONOMIES. FRANCE STRESSED NEED TO KEEP IN MIND IMPACT IMPORTS

CAN MAKE ON DOMESTIC WORKERS AND RISKS OF MOVING INTO NEW VENTURES. UK RECOGNIZED PRINCIPLE OF GOVERNMENT-ASSISTED ADJUSTMENT BUT REJECTED (A) ELABORATE PROGRAMS, (B) SOLELY AIMED AT LDCS, (C) ANTICIPATORY ADJUSTMENT. EC ASKED THAT 1971 DECISION BY EC COUNCIL BE GIVEN RECOGNITION AND ASSERTED THAT EUROPEAN SOCIAL FUND CAN BE USED FOR ADJUSTMENT NOT ONLY TO INTRA-EC COMPETITION BUT ALSO TO RESULTS OF EC EXTERNAL TRADE POLICY INCLUDING TRADE WITH LDCS. US SUMMARIZED RECORD OF US ADJUSTMENT ASSISTANCE CASES, MADE POINTS OUTLINED IN POSITION PAPER STRESSING IN PARTICULAR OPPOSITION TO ANTICIPATORY ADJUSTMENT AND PROVIDED DATA ON US EXPERIENCE (ANNEXES A AND B) TO SECRETARIAT.

5. ITEM 4(F)-PROPOSED MEASURES TO LIBERALIZE NTBS---ALTHOUGH HERALDED AS HEART OF MEETING'S SUBJECT MATTER, WAS VIRTUALLY CONCLUDED IN SINGLE ABBREVIATED AFTERNOON SESSION ON AUG. 14. UK STRESSED READINESS OF GROUP B COUNTRIES RESPOND TO SPECIFIC POINTS CONCERNING PROPOSALS NOTED IN DOCUMENT TD/B/C.2/R.5. PAKISTAN FOR G-77 ADVANCED LOW-KEY ARGUMENTS ADVOCATING "SOLUTIONS" PROPOSED BY SECRETARIAT IN DOCUMENT CONCERNING QRS, IMPORT LICENSING, STATE TRADING VARIABLE LEVIES, TECHNICAL BARRIERS, PACKAGING AND LABELLING, HEALTH AND SAFETY AND CUSTOMS PROCEDURES.

6. EC REITERATED ARGUMENT THAT VARIABLE LEVIES NOT PROPERLY CLASSIFIED AS NTB AND AFFIRMED IMPORTANCE EC ATTACHED TO NTB REDUCTION. US REFERRED TO MTN AS FORUM FOR NEGOTIATIONS ON NTBS AND STRESSED POINTS FROM TSC 73-37 AND POSITION PAPER, PARTICULARLY URGENT ELIMINATION OF ILLEGAL QRS, ESPECIALLY THOSE PREJUDICIAL TO LDCS. CANADA SUPPORTED US ON IMMEDIATE REMOVAL ILLEGAL QRS LIMITED OFFICIAL USE

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WITHOUT COMPENSATION. POLAND (FOR GROUP D) ARGUED STATE TRADING NOT AN NTB BUT CONSTITUTES MEANS OF PROMOTING IMPORTS FROM LDCS AT FASTER RATE THAN WOULD OTHERWISE BE THE CASE. DEBATE ON ITEM 4(F) ENDED WED. AFTERNOON WITH BRIEF GENERAL USSR INTERVENTION SUPPORTING LDC REQUESTS FOR REMOVAL NTBS AND CALLING ALSO FOR REMOVAL OF "BARRIERS" AGAINST SOCIALIST COUNTRY EXPORTS, AND UK PRO FORMA REJOINDER NOTING THAT EAST-WEST ISSUES BELONGED IN ECE WHILE QRS AGAINST SOCIALIST COUNTRY EXPORTS STEMMED FROM NATURE OF STATE-TRADING SYSTEM.

7. LENGTHY DRAFT RESOLUTION ON SAFEGUARDS TABLED AUG. 15 AND IS UNACCEPTABLE TO US DEL AND GROUP B.

8. SESSIONAL COMMITTEE HAS CONCLUDED SUBSTANTIVE WORK

AND MEETS AUG. 16 TO ADOPT REPORT. ALL IN ALL US
EMERGED IN HIGHLY FAVORABLE LIGHT FROM THIS GO-ROUND
IN EXAMING NTBS AFFECTING LDC TRADE. SEVERAL REPS OF
DCS, LDCS AND SECRETARIAT HAVE MADE POINT OF COMMENTING
THAT US PRESENTATIONS MADE SUBSTANTIAL CONTRIBU
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NONTARIFF BARRIERS, AGREEMENT DRAFT, COMMITTEES, BUSINESS ASSOCIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973GENEVA04403
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730834/aaaaazcg.tel
Line Count: 169
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: GENEVA 4309 AND PREVIOUS
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 07 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Sep-2001 by thigpegh>; APPROVED <04-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD COMMITTEE ON MANUFACTURES
TAGS: ETRD, UNCTAD, GATT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005